

REF 81-38

EXHIBIT

CONFIDENTIAL

# 41

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

SEP 25 1962

GROUP 3  
DOWNGRADED AT 12-YEAR INTERVALS;  
NOT AUTOMATICALLY DECLASSIFIED

MEMORANDUM FOR MR. BUNDY

Subject: Request for DX Priority Rating for Project DEFENDER

This paper is in response to your request of August 29 for a review and recommendations on Secretary Gilpatric's request for the assignment of a DX priority rating to Project DEFENDER. Provided below is a brief description of; 1) the DX rating system and its effect; 2) the project in question; 3) the need of DEFENDER for a DX rating, and, 4) conclusions and recommendations.

Highest National DX Priority System

This national priority rating system was established in 1955 primarily for the purpose of alleviating development and production bottlenecks for major national projects of the greatest urgency. It was originally intended to ease the problem of obtaining scarce materials but its practical effect has naturally grown until today the assignment of this rating to a project is taken as a very real indication of national importance. This indication aids any project which is assigned the DX rating in matters such as: The assignment of the most highly qualified personnel by contractors and government agencies; the scheduling of effort on the National Test Ranges; and in the competition for the allocation of all resources including financial support. The projects now on the list are: ATLAS, TITAN, MINUTEMAN, POLARIS, NIKE-ZEUS, BMEWS, SAMOS, DISCOVERER, MERCURY, SATURN, and APOLLO. The NASA and the Department of Defense have expressed their intent to remove the following projects from the list by the end of calendar year 1962: ATLAS, MERCURY, and SATURN (except as the latter relates to the manned lunar landing project).

Any major increase of the number of projects receiving a highest national priority rating has the effect of weakening the priority itself. With this in mind the three agencies primarily involved (Defense, NASA, and AEC) have informally imposed a limit of 25% of all "hard goods" procurement, (meaning Research and Development, Procurement, and Construction) as the percentage eligible for the DX rating. The projects presently assigned the DX priority make up 23.9% of the total "hard goods" procurement in the three agencies.

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By <u>6144</u>	NARS, Date <u>5/18/81</u>

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Within the Department of Defense there is a formal review system for evaluating requests for priority ratings including the DX requests and requests for priority ranking on Defense's own priority listing. This latter listing is known as the "Master Urgency List". The criterion for review within Defense is twofold: First, the military importance of the project must be judged; and second, there must be a demonstrated need in terms of materials or personnel which have been found to be unobtainable.

### Project DEFENDER

The DEFENDER project, while substantial in level of effort (\$114 million in Fiscal Year 1963), is not directed toward a concrete or specific system development objective as are the other programs now on the list. This project is essentially made up of supporting research and development effort in broad areas of technology which are vital to the solution of the problem of defense against ballistic missiles, beyond the capabilities being developed in the NIKE-ZEUS program. Aside from NIKE-ZEUS, Project DEFENDER is the only effort this country has in the anti-ballistic missile area. The project is dependent upon the procurement of substantial amounts of "hardware" for such things as experimental radars, test rocket vehicles, instrumentation, etc., in order to carry out its stated objectives. The project also requires highly skilled personnel and substantial use of the national test ranges where it will be in competition with the other projects now on the DX list.

### The Need

This project has not had a top rating on Defense's own Master Urgency List. As a result of the present request, an intensive review of the request was made within Defense. In the course of this review it was determined that the consensus of the military services and the JCS was that while there was no question as to the military importance of the project there was some question concerning the existence of a demonstrated need. For example, there are means by which projects which do not have a DX rating may receive equivalent priority for specific cases of hardship in the procurement of materials. It could not be determined by the responsible reviewing office that any such exceptions had been requested by the agencies responsible for carrying out Project DEFENDER. However, in the critical areas of personnel assignment and range scheduling mentioned above such an exception would not be of assistance.

### Conclusions

1. To grant the priority as requested would be somewhat of a departure from past practice of assigning it to major system development projects, in that the project does not compete in scope with the large system development programs.

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2. It would be possible to grant the project top priority on the internal Defense "DO" listing and to grant exceptional priority in cases of hardship in the procurement of materials.

3. The assignment of the requested priority will not raise the total dollar amounts for programs with the DX rating to a level above the informally agreed upon limit of 25% of the total dollar level for "hard goods" procurement in the three major agencies involved.

4. The indication of national urgency which the Department of Defense wishes to attach to this project could probably only be achieved through the assignment of the DX rating as requested.

5. This indication of national urgency would have a beneficial effect on Project DEFENDER in areas such as the assignment of top level personnel, the scheduling priority for utilization of national facilities, etc.

Recommendation

We would recommend the approval of the request of the Department of Defense. A draft of the necessary action paper is attached for use if approval is granted.

*David E. Bell*

David E. Bell  
Director  
Bureau of the Budget

SEP 25 1962

*Jerome E. Wiesner*

Jerome E. Wiesner  
Director  
Office of Science and Technology

SEP 27 1962

Attachment

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